



Community Development Department
City Of Chula Vista
276 Fourth Avenue
Chula Vista, Ca 91910
619.691.5047 – 619.476.5310 Fax
cvcomdev@ci.chula-vista.ca.us

INFORMATION MEMO

DATE: September 13, 2007

TO: Honorable Mayor and City Council

VIA: David R. Garcia, City Manager
Scott Tulloch, Assistant City Manager

FROM: Ann Hix, Acting Director of Community Development

RE: Mobilehome and Trailer Park Conversion Ordinance Update Process
(CVMC 9.40)

COMMUNITY DEVELOPMENT
DEPARTMENT
SEP 17 REC'D

[Handwritten signatures: AMG, ST, ABH]

This memorandum serves to update you on the process to revise the City's Mobilehome and Trailer Park Conversion Ordinance (Chula Vista Municipal Code (CVMC) Sections 9.40). Community Development previously provided an Information Memorandum to you on the update process dated July 3rd. That memo described the impetus for updating the ordinance and provided a schedule of public, stakeholder and advisory body meetings (July 3rd Information Memo included as Attachment 1).

Since that time, a 3rd round of public workshops on the revised draft ordinance have been held, as follows:

- Monday, July 9th at 5:30 p.m. - general public;
- Wednesday, July 11th at 5:30 p.m. - Spanish general public; and
- Wednesday, July 11th at 9:30 a.m. and 2:00 p.m. - resident and owner stakeholder meetings.

In addition, Community Development staff has presented the draft ordinance and preliminary staff recommendations to several City advisory commissions, as follows:

- Wednesday, August 8th - Planning Commission;
- Monday, August 13th - Housing Advisory Commission; and
- Thursday, August 16th - Mobilehome Rent Review Commission.

Although potential compromise solutions to a number of major issues identified during the ordinance update process have been accepted by both the residents and owners,

many mobilehome residents still express serious concern over one particular issue: mobilehome replacement value in cases where coach relocation is not feasible. Mobilehome residents want the ordinance to require either Fair Market Value of the coach as if the park were to continue operation, or the cost to replace the coach with a new mobilehome.

With this in mind, staff has continued to monitor and research various issues relating to the conversion ordinance, in particular ongoing litigation in the City of Huntington Beach regarding replacement value. In that case, park owners and an owners' trade association filed suit challenging a 2004 amendment to the Huntington Beach Mobilehome Park Conversion Ordinance that requires payment of the replacement cost of a new mobilehome of similar size and square footage if relocation is not feasible (press release included as Attachment 2). It is expected that this case may begin trial or settle within the next several months and potentially set a precedent for statewide relocation benefits in the event of park closure.

Both the Housing Advisory Commission and Mobilehome Rent Review Commission suggested that the City may want to monitor the Huntington Beach case and other litigation throughout the State before adopting any changes to our local ordinance. In addition, both park owners and residents have voiced concerns over the need to look further into affordable housing opportunities and creative mobilehome financing solutions for the relocation impacts of closures, such as: a sales transfer tax, park registry fees, or other mechanisms to develop a Relocation Fund.

Based on these comments and pending litigation in Huntington Beach, staff is recommending postponement of further work on the Mobilehome and Trailer Park Conversion Ordinance revisions. However, staff will continue to research alternative opportunities and monitor statewide litigation.

For questions or additional information, please do not hesitate to contact the following Community Development staff: Mandy Mills, Housing Manager at 409-5948, or Stacey Kurz, Senior Community Development Specialist at 585-5609.

cc: Ann Moore, City Attorney
Elisa Cusato, Deputy City Attorney
Jill Maland, Deputy City Attorney
Eric Crockett, Redevelopment Manager, Community Development
Mandy Mills, Housing Manager, Community Development
Mary Ladiana, Planning Manager, Community Development

Jim Sandoval, Planning Director
Ed Batchelder, Advanced Planning Manager

Attachments:

- 1) Information Memorandum (7/3/07)
- 2) City of Huntington Beach Press Release

Memo Prepared by: Stacey Kurz, Senior Community Development Specialist



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INFORMATION MEMO

DATE: July 3, 2007

TO: Honorable Mayor and City Council

VIA: David R. Garcia, City Manager *[Signature]*
 Scott Tulloch, Acting Assistant City Manager *ST*

FROM: Ann Hix, Acting Director of Community Development *[Signature]*

RE: Mobilehome and Trailer Park Conversion Ordinance Update Process
 (CVMC 9.40 & 9.60)

In October 2006, the City Council approved the establishment of a Mobilehome Overlay District in the General Plan. This action resulted from concerns that proposed rezoning of mobilehome and trailer parks in the Urban Core and some other areas of the City to conform to the recently updated General Plan could increase changes in land use, and thus increase the number of park closures and displaced park residents. At the same time, it was acknowledged that the City's Mobilehome and Trailer Park Conversion Ordinance, which addresses impacts on and requirements for compensating displaced park residents, was in need of updating.

The Overlay District provided staff the opportunity and direction to conduct additional study and analysis, with a focus on updating the Mobilehome and Trailer Park Conversion Ordinance (Chula Vista Municipal Code (CVMC) Sections 9.40 and 9.60). This update was intended to ensure that when a change of use was contemplated for an existing mobilehome or trailer park, the relocation impacts on displaced residents were properly addressed. This memorandum provides details on the Conversion Ordinance update process, major issues that have been identified, and next steps.

Ordinance Update Process

Community Development staff identified an approximate eight (8) month process to facilitate the update of the ordinance. A technical team was formed consisting of staff from Community Development, Planning & Building and the City Attorney's office. Beginning in February 2007, staff held numerous general public and stakeholder meetings to present and receive comments on a range of options for inclusion in the update (Exhibit A). A final draft version of the proposed ordinance revisions will be presented to the public for comment in July 2007. A summary of the public outreach process and schedule is provided below.

Public Meetings

In an effort to receive comments from all parties, Community Development staff established a series of meetings for the following groups:

- Stakeholder Groups – Representatives from all thirty-two (32) parks were invited to attend these small working group meetings.
 - Resident Stakeholders (Golden State Mobilehome Owners League) – Homeowner Association presidents and/or resident representative.
 - Owner Stakeholders (Western Mobilehome Parkowners Association) – Owners or their representatives (i.e. park manager).
- General Public Meetings – Staff made a concerted effort to outreach to mobilehome residents and the general public, including placing legal advertisements in the Star News and La Prensa (Spanish publication). In addition, staff requested that all park managers post notices of meetings. In an effort to accommodate the large Hispanic population in the mobilehome communities, all literature was also provided in Spanish, and a translator was provided at meetings.

Schedule

February/March

- 1st Set of Public Meetings (Scoping) - held to provide a forum for residents and owners to voice concerns and issues with the existing version of CVMC 9.40

March/April

- Draft Options – staff conducted research on state law and other jurisdiction ordinances
- City Technical Team Review

May

- 2nd Set of Public Meetings (Draft Options) - staff presented alternative options and received comments from stakeholder groups and general public

June

- Refine Ordinance – based on public feedback and further research on state law, staff is currently drafting actual ordinance language to update CVMC 9.40
- City Technical Team Review

July

- 3rd Set of Public Meetings (Draft Ordinance) - staff will present draft options/language to reflect potential changes to the ordinance

July/August

- Housing Advisory Commission review
- Mobilehome Rent Review Commission Informational Presentation
- Chula Vista Redevelopment Corporation review and recommendation
- Planning Commission Informational Presentation

September

- City Council Public Hearing on adoption of revised ordinance

Major Issues

As shown in Exhibit A, five (5) major topics have been identified as areas where revisions to CVMC 9.40 and 9.60 may be proposed. A summary of the current ordinance and issues for each major topic is provided below. Exhibit A provides a more detailed list of comments received at the 1st workshop and potential options presented at the 2nd workshop.

Financial Assistance – Mobilehome Relocation

CVMC 9.40: Identifies relocation assistance for low- and moderate-income mobilehome or trailer owner/occupants in the form of payment by the park owner of 75 percent, up to a maximum of \$3,000, of the cost of relocating the mobilehome or trailer to another mobilehome or trailer park within 100 miles.

Issue: Cost to relocate mobilehomes often exceeds this amount and only addresses income eligible residents.

Financial Assistance – Mobilehome Value

CVMC 9.40: When a coach is unable to be moved, the City's code determines the value of mobilehomes by standard insurance replacement criteria.

Issue: State law provides latitude for jurisdictions to determine reasonable value. This issue is currently being tested in court, and the reasonable value between fair market "on-site" value and the "pull-off" value (coach value excluding value of being on the land) is highly debated by owners and residents.

Financial Assistance – Relocation Assistance to Tenants (Renters)

CVMC 9.40: Requires the applicant to identify relocation assistance for mobilehome owners and does not provide assistance for occupants renting mobilehomes.

Issue: Should renters be provided with some type of assistance?

Notification of Intent to Close

CVMC 9.40: Does not currently identify an amount of time that residents must be notified, however state law requires notice of termination of tenancy be provided six (6) to twelve (12) months prior to closure dependant on the permit activity required for a change of use.

Issue: Residents and owners have expressed interest in having a determined amount of time in which notice must be given.

Right of First Refusal to Purchase Park

CVMC 9.60: Identifies right of first refusal for any resident organization when a park is listed for sale, pursuant California Civil Code 798.80.

Issue: Residents want to be notified regardless of organization and type of sale. Further research identified a court opinion that determined it was unconstitutional to require that residents be offered first right of

refusal in instances other than described in California Civil Code.
Therefore only revisions to conform to state law will be proposed.

Next Steps

The next round of meetings for the general public will be on Monday, July 9th at 5:30PM in the Council Chambers, and for Spanish speakers on July 11th at 5:30PM in the Civic Center Library Auditorium. In addition, resident and owner stakeholder meetings will be held on July 11th at 9:30AM and 2:00PM in Executive Conference Room #103. Following this next round of workshops, staff will finalize the ordinance update and begin the public hearing process through various housing-related commissions (HAC and MHRRC), and the necessary approval bodies (CVRC and City Council).

For questions or need additional information, please do not hesitate to contact the following Community Development staff: Mandy Mills, Housing Manager at 409-5948, or Stacey Kurz, Senior Community Development Specialist at 585-5609.

cc: Ann Moore, City Attorney
Jill Maland, Deputy City Attorney
Mandy Mills, Housing Manager

Draft Memo Prepared by: Stacey Kurz, Senior Community Development Specialist

SUMMARY OF COMMENTS & OPTIONS **FINANCIAL ASSISTANCE – Mobilehome Relocation**

Least Restrictive	Comments	Option A	Option B	Option C	Comments
	<ul style="list-style-type: none"> Many small, old trailers are not moveable Not just park owner's responsibility – City shares in as well Assistance should be based on income Should not include subsidy for increased rent Moving costs differ by size If too many restrictions are placed, may devalue property 	<p>75% of relocation costs, up to \$3,000, to relocate coach to a maximum distance of one hundred (100) miles.</p>	<p>The actual costs of physically moving (i.e. dismantling, moving, reassembling, rebuilding, including skirting and tie-downs) the coach and movable improvements (i.e. patios, carports, and porches), to a maximum distance of fifty (50) miles.</p> <p>IRS mileage rate (for up to 50 miles – current rate totals \$24.25). Plus, if move cannot be completed in one day, IRS per diems for meals and lodging (for up to 3 days – current rate totals \$444).</p> <p>Payment of a lump sum for:</p> <ul style="list-style-type: none"> First month's rent and any security deposit (up to a maximum value of \$2,000). Any differential between rental rates during the first year of tenancy (up to a maximum value of \$5,000). <p>All maximum amounts will be adjusted annually for inflation.</p>	<p>The actual costs of physically moving (i.e. dismantling, moving, reassembling, rebuilding, including skirting and tie-downs) the coach and movable improvements (i.e. patios, carports, and porches), and packing and unpacking personal property to a maximum distance of one hundred (100) miles.</p> <p>Actual costs for in-transit gas, meals and lodging, if move cannot be completed in one day.</p> <p>Payment of a lump sum for:</p> <ul style="list-style-type: none"> First and last month's rent and any security deposit. Any differential between rental rates during the first year of tenancy. 	<ul style="list-style-type: none"> Cover relocation 100% plus downpayment for new space Actual cost/time Owner should pay full cost Meals should be included in per diem Subsidize increased rent over the annual permissive Alternatives should be comparable

Most Restrictive

FINANCIAL ASSISTANCE – Mobilehome Value

Least Restrictive

Most Restrictive

Conditents	Option A	Option B	Option C	Conditents
<ul style="list-style-type: none"> ➤ Many small, old trailers are not worth much and/or are not habitable ➤ Not just park owner's responsibility – City shares in as well ➤ Assistance should be based on income ➤ Value of MH/trailer – use an objective factor, such as: structure, age, condition, useful life ➤ Should not use value of being in park, pull off value ➤ Should not be insurance driven (type and coverage amount differ) ➤ Can't give them the same value in housing costs as they have today 	<p>If coach cannot be relocated due to condition or lack of available space, standard insurance replacement value shall be determined by a qualified, independent appraiser, approved by the City.</p>	<p>If coach cannot be relocated due to condition or lack of available space, value of coach/trailer as determined by a qualified, independent appraiser, approved by the City, based on the following factors: age, size, condition, and fixed improvements.</p> <p>Payment of a lump sum for: <ul style="list-style-type: none"> • first month's rent and any security deposit (up to a maximum value of \$2,000). • any differential between rental rates during the first year of tenancy (up to a maximum value of \$5,000). </p> <p>Non-occupant owners (reside in mobilehome for less than 6 months per year) shall be eligible for value of coach/trailer only.</p> <p>All maximum amounts will be adjusted annually for inflation.</p>	<p>If coach cannot be relocated due to condition or lack of available space, 85% of "On-Site" Fair Market Value of coach as determined by a qualified, independent appraiser, approved by the City, assuming continuance of park in a safe, sanitary and well maintained condition and considering variables, such as: age, size, condition, proximity, and fixed improvements.</p>	<ul style="list-style-type: none"> ➤ Need on-site or pre-closure fair market value using factors such as: condition, length of residency, improvements, park condition/quality, original cost ➤ Land owner making out – they should be responsible, not City ➤ Residents receive short end of stick ➤ By appraisal; City track sales for comparables ➤ Do not use insurance or blue book value ➤ Look at it as a home (real property) not personal property, consider length of residency and improvements

FINANCIAL ASSISTANCE – Relocation Assistance for Tenants (Renters)

Least Restrictive

Most Restrictive

Commitments	Option A	Option B	Option C	Commitments
<p>➤ Assistance should be based on income</p>	<p>No benefits shall be provided to any person who is renting a mobilehome from the owner of the mobilehome park where an executed written agreement waives rights to such benefit.</p> <p>All eligible tenants of eligible mobilehome owners shall be provided with the services of one or more housing experts to assist in relocating to available and appropriate housing, including financial advice, description of housing alternatives, and transportation if unable to operate a motor vehicle.</p>	<p>Payment of a lump sum to compensate for payment of the first month's rent and any security deposit at new housing (up to a maximum of 2 months existing rent).</p>	<p>Expense of assuming tenancy in comparable housing, including first month's rent and security deposit, and differential between rental rate at converted park or replacement housing during the first year of tenancy.</p>	<p>➤ Subsidize new rent and any required downpayments</p> <p>➤ Alternatives should be comparable</p>

NOTIFICATION

Least Restrictive

Most Restrictive

Comments	Option A	Option B	Option C	Comments
<ul style="list-style-type: none"> ➤ Mirror/comply with state law ➤ Before or after plan approved? ➤ Don't want to start uproar & doesn't happen. 	<p>Any resident of the mobilehome park shall not be required to vacate less than six (6) months from the date of notice of termination of tenancy and not less than thirty-five (35) days from payment of any relocation benefits.</p>	<p>Two years from date of application to close/convert to terminate tenancy. May be reduced to no less than six (6) months or extended beyond two years upon written agreement of owner and two-thirds of coach owners.</p>	<p>Two years from date of approval of closure to terminate tenancy. May be reduced to no less than six months (6) or extended beyond two years upon written agreement of owner and residents.</p>	<ul style="list-style-type: none"> ➤ Minimum 2 years noticing ➤ Assistance should be tied to notification period ➤ The lower income still can't afford a move

RIGHT OF FIRST REFUSAL TO PURCHASE PARK



Comments	Option A	Option B	Option C	Comments
<ul style="list-style-type: none"> State and case law restrict this issue Properly owner should have option Difficult to determine acceptable offer -- often cash plus percent of future profit 				<ul style="list-style-type: none"> Should offer to residents regardless of association status or type of sale Allow additional time to secure financing and make offers Disclosure to incoming tenants Can't make park owner's sell



Jennifer McGrath
City Attorney

OFFICE OF
CITY ATTORNEY

P.O. Box 190
2000 Main Street
Huntington Beach, California 92648
Telephone: (714) 536-5555
Facsimile: (714) 374-1590

Paul D'Alessandro, Assistant City Attorney
Scott Field, Assistant City Attorney
Neal Moore, Sr. Deputy City Attorney
Leonie Mulvihill, Sr. Deputy City Attorney
John Fujii, Deputy City Attorney
Teresa Judd, Deputy City Attorney
Sarah Sutton, Deputy City Attorney
Mike Vigliotta, Deputy City Attorney

PRESS RELEASE REGARDING PENDING SUIT CONCERNING
MOBILEHOME PARKS

July 6, 2007

In December 2004, the Huntington Beach City Council adopted Ordinance No. 3689, to amend the Zoning Code regarding mobilehome parks. The amendment addresses the minimum relocation benefits the park owner shall provide park residents, should the owner decide to close the park. As amended, the minimum benefits include relocation of the mobilehome to a comparable mobile home park located within 20 miles of the closed park. If relocation is not feasible, then payment of the replacement cost of a new mobilehome of similar size and square footage is required.

In June 2006, three mobile home parks owners, and an owners trade association, filed suit to challenge the 2004 Amendment. Since then, substantial discovery has been initiated, with more still pending, and the City Attorney has filed a motion to dismiss the suit, which has yet to be heard.

Recently, the Plaintiffs requested that the City agree to a ninety (90) day stay in the litigation to permit them to submit a proposal to resolve the suit. Ultimately, settlement proposal to change the 2004 Amendment must be considered at public hearings before the City Planning Commission and the City Council.

At the direction of the City Council, the City Attorney has agreed to request that the Court stay the suit for 90 days. If the suit is not be resolved during the stay period, then the suit would resume. The City's motion to dismiss would be heard sometime on or after October 30, 2007. If the motion were unsuccessful, the trial of the suit would begin on or after March 3, 2008.

For Further Information, Contact:
City Attorney Jennifer McGrath or
Assistant City Attorney Scott Field
(714) 536-5555